

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 CAB-02 CIAE-00
COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03
PRS-01 /044 W
-----031402Z 044250 /50

R 031200Z APR 77
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 7657
AMEMBASSY ROME
INFO AMEMBASSY AMMAN
AMEMBASSY BRUSSELS
AMCONSUL DHAHRAN
AMEMBASSY DIHA
AMEMBASSY JIDDA
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MUSCAT
AMEMBASSY PARIS

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ROME FOR RCAA

BRUSSELS FOR FAA

E.O. 11652: N/A
TAGS: EAIR BEXP
SUBJECT: GULF CIVIL AVIATION MEET: MERGER TALKS AND OTHER
DEVELOPMENTS

REF: (A) KARACHI 930, (B) KUWAIT 1343, (C) MANAMA 713

1. COMMENTING ON REPORTS THAT MARCH 21-22 GULF AVIATION
MINISTERS' CONFERENCE IN KUWAIT WAS A FAILURE, ARTICLE IN
KUWAIT TIMES MARCH 29 QUOTES FINANCE MINISTER ATEEQI, WHO
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LED KUWAITI DELEGATION, AS DENYING THESE REPORTS. ATEEQI
IS QUOTED AS SAYING THAT "HIGHER AVIATION COUNCIL FOR
GULF", WHOSE CREATION WAS ANNOUNCED FOLLOWING MEETING, IS
NECESSARY FOR STUDY OF FLIGHT SCHEDULES, TRAFFIC RIGHTS,
ETC. PRIOR TO ANY MERGER BETWEEN GULF AIR AND KUWAIT
AIRWAYS CORP. (KAC).

2. COMMENTING ON AVIATION MINISTERS CONFERENCE AND MERGER POSSIBILITIES. KAC MANAGING DIRECTOR AND ACTING CHAIRMAN GHASSAN AL-NISF TOLD E/C SECTION CHIEF THAT KAC DID NOT PARTICIPATE IN MARCH 21-22 CONFERENCE. ECHOING ATEEQI'S LINE, HE SAID THAT HIGHER AVIATION COUNCIL FOR GULF WOULD HAVE TO COMPLETE STUDY AND MEET AGAIN BEFORE GULF-KAC MERGER TALKS COULD PROCEED, BUT SAID NO DATE HAD BEEN FIXED FOR FUTURE MINISTERIAL MEETING. DESPITE CAUTIOUS KUWAITI APPROACH ON MERGER, HE SAID KUWAIT STILL THINKING IN TERMS OF EVENTUAL MERGER WITH GULF AIR, DESPITE APPROACH FROM ALIA FOR CLOSER TIES WITH KAC.

3. AL-NISF SAID KAC WILL SOON EXPAND ITS SERVICE TO AMSTERDAM AND MADRID AND HAD ASKED SPAIN FOR RIGHTS TO FLY ON TO US. SPANISH HAD TURNED REQUEST DOWN, BUT SAID THEY WOULD GRANT RIGHTS TO SOUTH AMERICA IF KAC WISHES THEM, ACCORDING TO AL-NISF.

4. ON JUMBO JETS, AL-NISF SAID KAC IS STILL NEGOTIATING WITH BOEING OVER FINAL TERMS ON PURCHASE OF TWO 747-200B'S, PRICE, MAINTENANCE, AND OTHER DETAILS STILL BEING UNRESOLVED. AL-NISF IS OPTIMISTIC ON FINAL AGREEMENT, BUT STATED THAT IF BOEING DEAL FALLS THROUGH KAC WOULD THEN CONSIDER TWO OTHER US SUPPLIERS, MCDONNELL DOUGLAS AND LOCKHEED.

5. COMMENT: WE ARE NOT SURPRISED THAT FINANCE MINISTER ATEEQI (WHOSE MINISTRY CONTROLS KAC), HAVING ONLY RECENTLY REORGANIZED KAC, AND BEING CONSERVATIVE IN HIS APPROACH TO NEW VENTURES ANYWAY, REFUSED TO GIVE THE GREEN LIGHT TO LIMITED OFFICIAL USE

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EARLY KAC-GULF MERGER TALKS. HOWEVER, ONCE THE NEW MANAGEMENT TEAM AT KAC HAS ITS FEET ON THE GROUND, AND ASSUMING STUDIES ARE ACTUALLY MADE. KUWAIT MAY AGAIN SHOW INTEREST IN A KAC-GULF AIR MERGER. WHETHER BY THEN GULF AIR WILL STILL BE WAITING TO BE ASKED IS ANOTHER MATTER.
SUTHELAND

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Disposition History: n/a
Disposition Reason:
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